

# Minneapolis Trends

*A Quarterly Overview of Socioeconomic & Housing Trends in Minneapolis*



fourth quarter 2015

## Highlights for the fourth quarter of 2015

	4Q-15	change from	
		3Q-15	4Q-14
Labor force	229,362 residents	▼	▲
Residents employed	222,937	▼	▲
Unemployment rate	2.8%	▼	▼
New residential permitted units	571 units	▲	▲
Permitted residential conversions, remodels and additions	180 buildings \$ 73.4 million	▼	▲
Permitted non-residential conversions, remodels and additions	148 buildings \$ 62.7 million	▼	▼
Residential units demolished	105 units	▲	▲
Rental vacancy rate	2.5 %	▼	▼
Average rent in inflation-adjusted dollars	\$ 1,226	▼	▲
Residential units sold	1,092 units	▼	▲
Traditional	141 units	▲	▼
Lender-mediated			
Median sale price of residential units			
Traditional	\$ 224,900	▼	▲
Lender-mediated	\$ 105,000	▼	▲
Foreclosures	125	▲	▼
Condemned and vacant buildings	553	▲	▼
Minneapolis CBD office vacancy rate	13.6 %	▼	▼
Minneapolis CBD retail vacancy rate	12.9 %	▲	▲

## Highlights for the second quarter of 2015 – Jobs and wages

	2Q-15	1Q-15	2Q-14
Number of jobs	317,076 employees	▲	▲
Wages in inflation-adjusted dollars	\$ 1,255	▼	▲

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fourth quarter 2015

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## Economic indicators

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- Average employment decreased at a slower pace than the labor force over the past quarter, resulting in a decrease in the unemployment rate to 2.8%. In comparison with the same quarter last year, approximately 10,000 more city residents were working.
- As of the second quarter 2015 there were 317,076 jobs in Minneapolis. This constitutes an increase of 2.6 percent over the previous quarter, and 8,376 more jobs (2.7 percent) than the same quarter of the previous year. Over the same 12-month period, the metro and state also added jobs at similar rates; 1.9 and 1.8 percent respectively.
- Average inflation adjusted wages for the second quarter of 2015 were up 5.5 percent from the same period a year before. Inflation adjusted wages rose 4.6 percent in the metro area and 3.9 percent at the state level during the same period.

## Labor force

During the third quarter 2,396 residents (a 1.0 percent decrease) left the labor force; while 704 fewer residents were working. As a result, the unemployment rate decreased from 3.5 percent in the third quarter of 2015 to 2.8 percent in the fourth quarter of 2015.

The metro area experienced similar changes in the labor force and employment. This resulted in a decrease in the unemployment rate to 2.8 percent down from 3.4 percent in the previous quarter.

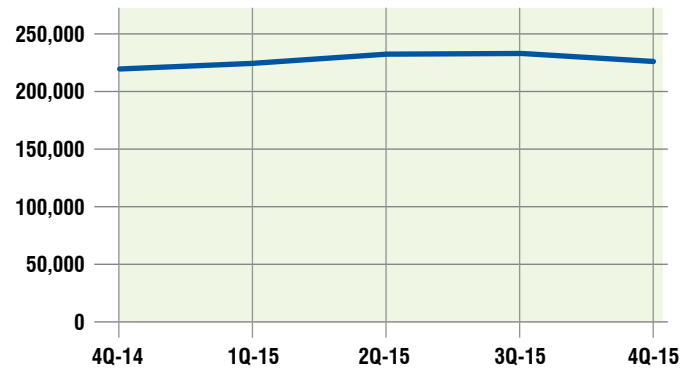
Table 1: **LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT**  
not seasonally adjusted

	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
<b>Minneapolis</b>					
Labor Force	219,419	228,015	232,068	231,758	229,362
Employment	212,338	219,604	223,741	223,641	222,937
Unemployment rate	3.2%	3.7%	3.6%	3.5%	2.8%
<b>Metro area</b>					
Labor Force	1,640,123	1,639,615	1,664,591	1,661,645	1,648,188
Employment	1,589,413	1,576,802	1,606,398	1,605,620	1,601,414
Unemployment rate	3.1%	3.8%	3.5%	3.4%	2.8%

Source: Minnesota Department of Employment and Economic Development (DEED)  
– Labor Market Information

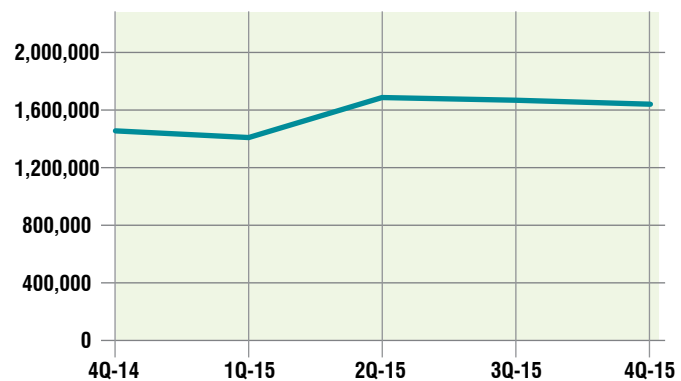
\* For metro area definition, see [page 12](#).

Figure 1: **AVERAGE EMPLOYMENT** – Minneapolis  
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)  
– Labor Market Information

Figure 2: **AVERAGE EMPLOYMENT** – Metro area\*  
not seasonally adjusted



Source: Minnesota Department of Employment and Economic Development (DEED)  
– Labor Market Information

\* For metro area definition, see [page 12](#)

## Jobs

Table 2: **AVERAGE NUMBER OF JOBS BY INDUSTRY** – Minneapolis<sup>1</sup>

	2Q-2014	3Q-2014	4Q-2014	1Q-2015	2Q-2015	Change from 2Q-14 - 2Q-15
Total, All Industries	308,700	311,415	312,218	309,091	317,076	8,376
Construction	5,984	6,414	6,091	5,670	6,449	465
Manufacturing	13,168	13,198	13,192	13,335	13,462	294
Utilities	2,807	2,857	2,832	2,855	2,910	103
Wholesale Trade	8,509	8,452	8,386	8,210	8,323	(186)
Retail Trade	15,647	15,310	14,841	14,165	15,595	(52)
Transportation and Warehousing	6,804	6,474	6,826	6,604	6,398	(406)
Information	11,158	11,387	11,359	11,497	11,450	292
Finance and Insurance	26,425	26,856	27,149	27,494	27,519	1,094
Real Estate and Rental and Leasing	8,764	8,649	8,519	8,446	8,705	(59)
Professional and Technical Services	34,708	35,482	35,560	35,549	36,059	1,351
Management of Companies and Enterprises	18,211	18,329	17,944	18,716	18,184	(27)
Administrative and Waste Services	15,034	16,213	15,960	15,165	16,050	1,016
Educational Services	31,338	30,058	32,523	32,267	32,334	996
Health Care and Social Assistance	55,688	55,566	56,623	56,264	57,121	1,433
Arts, Entertainment, and Recreation	5,741	5,917	5,037	5,086	5,953	212
Accommodation and Food Services	25,856	26,826	26,201	25,028	26,942	1,086
Other Services, Ex. Public Admin	10,134	10,073	10,189	9,923	10,360	226
Public Administration	12,498	13,166	12,822	12,627	13,033	535

*Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment and Wages*

<sup>1</sup> Natural resource-based industries and agriculture, fishing, and forestry employment are not shown in the table. Some industry numbers may not be disclosed because of privacy issues, so totals do not add up. Table reflects latest revision by Minnesota Department of Employment and Economic Development.

## Jobs

As of the second quarter 2015, the number of jobs located in Minneapolis was 317,076, a 2.6 percent increase from the previous quarter. In comparison with the same quarter in 2014, the number of jobs increased by 2.7 percent (8,376 jobs). The number of jobs observed in the second quarter of 2015 is the highest since publishing of Minneapolis Trends began in 2000.

Note that some of the increases or decreases of jobs in Table 2 are subject to seasonal variations. For example, construction grows during the spring and summer but drops in the winter.

### 12 month change – 2nd quarter 2014 to 2nd quarter 2015

#### Sectors which gained the most jobs:

- **Construction** grew by **465 jobs**, a **7.8 percent** increase.
- **Administrative and Waste Services** grew by **1,016 jobs**, a **6.8 percent** increase.
- **Public Administration** grew by **535 jobs**, a **4.3 percent** increase.

#### Sectors which experienced greatest job losses:

- **Transportation and Warehousing** lost **406 jobs**, a **6.0 percent** decrease.
- **Wholesale Trade** lost **186 jobs**, a **2.2 percent** decrease.
- **Real Estate, Rental, and Leasing** lost **59 jobs**, a **0.7 percent** decrease.

### Quarter to quarter change – 1st quarter 2015 to 2nd quarter 2015

#### Sectors which gained the most jobs:

- **Arts, Entertainment, and Recreation** grew by **867 jobs**, a **17.0 percent** increase.
- **Construction** grew by **779 jobs**, a **13.7 percent** increase.
- **Retail Trade** grew by **1,430 jobs**, a **10.1 percent** increase.

#### Sectors which experienced greatest job losses:

- **Transportation and Warehousing** lost **206 jobs**, a **3.1 percent** decrease.
- **Management of Companies and Enterprises** lost **532 jobs**, a **2.8 percent** decrease.
- **Information** lost **47 jobs**, a **0.4 percent** decrease.

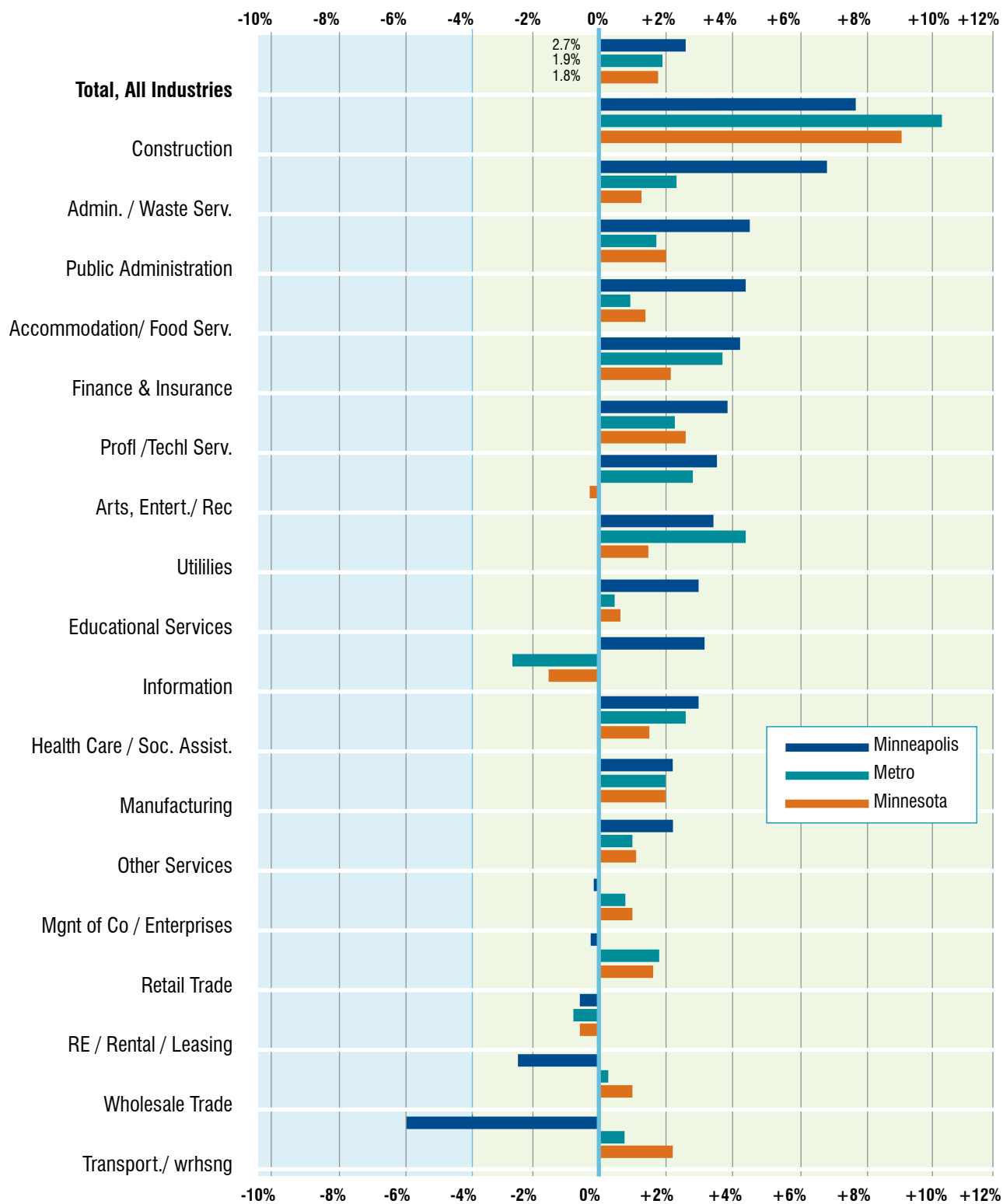
As shown in Figure 3, the city, metro area, and state all gained jobs over the twelve-month period. The city's job base increased by 2.7 percent over the previous twelve months while the metro area grew at a 1.9 percent rate and the state added jobs at a rate of 1.8 percent.

Of the sectors **posting growth** over this period, **Construction** was the fastest growing sector in the city at **7.8 percent**. The industry also experienced growth at the metro and state levels. **Administrative and Waste Services and Public Administration** sectors also grew over the past year; at rates of **6.8 percent** and **4.3 percent** respectively.

Of the economic sectors **losing jobs** in the city, **Transportation and Warehousing** saw the greatest decline.

## Jobs

Figure 3: **JOBS** –2Q-14 to 2Q-15  
percentage change



Source: Minnesota Department of Employment and Economic Development (DEED)

Minneapolis industries are sorted from high to low  
For metro area definition, see [page 12](#)

## Wages

The average weekly wage in Minneapolis in the second quarter of 2015 was **\$1,255**, a 4.4 percent increase in non-adjusted dollars from the previous year, and a **5.5 percent** increase when accounting for inflation.

All but two sectors saw a weekly wage increase in non-adjusted dollars over the previous year. **Management of Companies and Enterprises** saw the highest average weekly wages increase at **\$644 (33.9 percent)**.

Table 3: **AVERAGE WEEKLY WAGE** – Minneapolis<sup>1</sup>  
in current dollars

	2Q-2014	3Q-2014	4Q-2014	1Q-2015	2Q-2015	Change from 2Q-14 - 2Q-15
<b>Total, All Industries</b>	<b>\$ 1,202</b>	<b>\$ 1,190</b>	<b>\$ 1,329</b>	<b>\$ 1,445</b>	<b>\$ 1,255</b>	<b>\$ 53</b>
Construction	\$ 1,185	\$ 1,163	\$ 1,338	\$ 1,287	\$ 1,247	\$ 62
Manufacturing	\$ 1,134	\$ 1,088	\$ 1,249	\$ 1,190	\$ 1,141	\$ 7
Utilities	\$ 1,795	\$ 1,712	\$ 1,903	\$ 2,748	\$ 1,884	\$ 89
Wholesale Trade	\$ 1,377	\$ 1,464	\$ 1,770	\$ 1,606	\$ 1,435	\$ 58
Retail Trade	\$ 493	\$ 527	\$ 552	\$ 563	\$ 542	\$ 49
Transportation and Warehousing	\$ 933	\$ 975	\$ 939	\$ 1,013	\$ 896	\$ (37)
Information	\$ 1,379	\$ 1,356	\$ 1,414	\$ 1,581	\$ 1,410	\$ 31
Finance and Insurance	\$ 1,925	\$ 1,878	\$ 2,163	\$ 3,503	\$ 1,936	\$ 11
Real Estate and Rental and Leasing	\$ 1,297	\$ 1,462	\$ 1,528	\$ 2,577	\$ 1,455	\$ 158
Professional and Technical Services	\$ 1,847	\$ 1,768	\$ 2,291	\$ 1,772	\$ 1,810	\$ (37)
Management of Companies and Enterprises	\$ 1,900	\$ 1,971	\$ 2,017	\$ 2,596	\$ 2,544	\$ 644
Administrative and Waste Services	\$ 668	\$ 677	\$ 730	\$ 700	\$ 708	\$ 40
Educational Services	\$ 1,229	\$ 1,112	\$ 1,241	\$ 1,098	\$ 1,229	\$ -
Health Care and Social Assistance	\$ 954	\$ 951	\$ 1,030	\$ 983	\$ 980	\$ 26
Arts, Entertainment, and Recreation	\$ 1,387	\$ 1,407	\$ 1,040	\$ 885	\$ 1,343	\$ (44)
Accommodation and Food Services	\$ 394	\$ 409	\$ 419	\$ 408	\$ 412	\$ 18
Other Services, Ex. Public Admin	\$ 640	\$ 643	\$ 664	\$ 667	\$ 659	\$ 19
Public Administration	\$ 1,225	\$ 1,259	\$ 1,285	\$ 1,354	\$ 1,241	\$ 16

Source: Minnesota Department of Employment and Economic Development (DEED) – Minnesota Quarterly Census, Employment

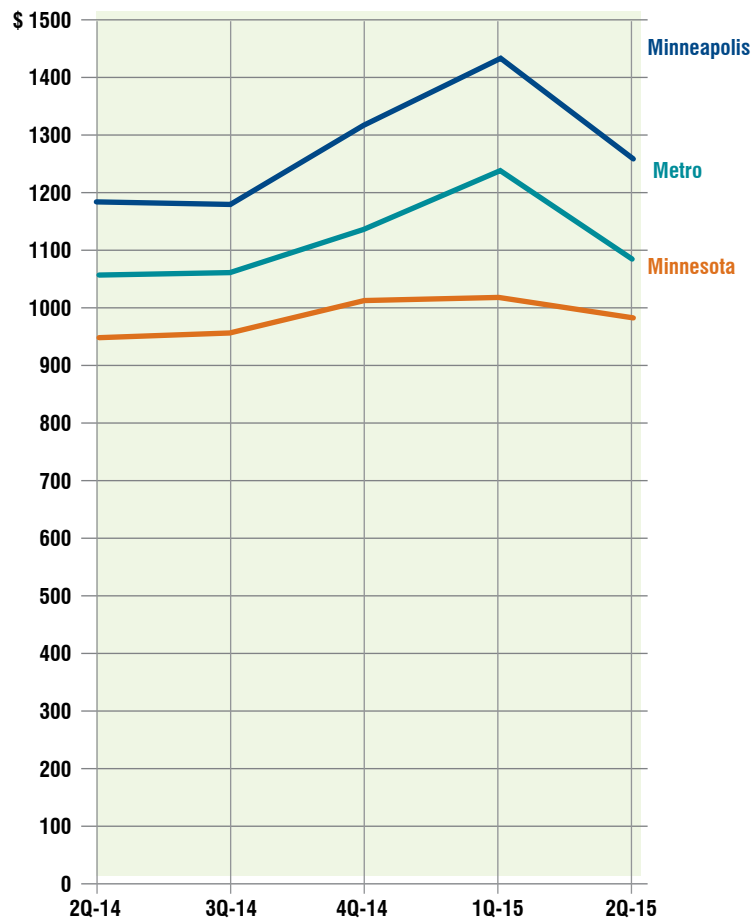
1 Natural resources and agriculture, fishing and forestry employment are not counted. Some industry numbers may not be disclosed because of privacy issues.



## Wages

In general, jobs in Minneapolis command higher average weekly wages than the metropolitan area or the state. When compared to the same quarter last year, average weekly wages in inflation-adjusted dollars rose in the city, metro, and state geographies.

Figure 4: **AVERAGE WEEKLY WAGES – 2Q-14 to 2Q-15**  
in inflation-adjusted dollars



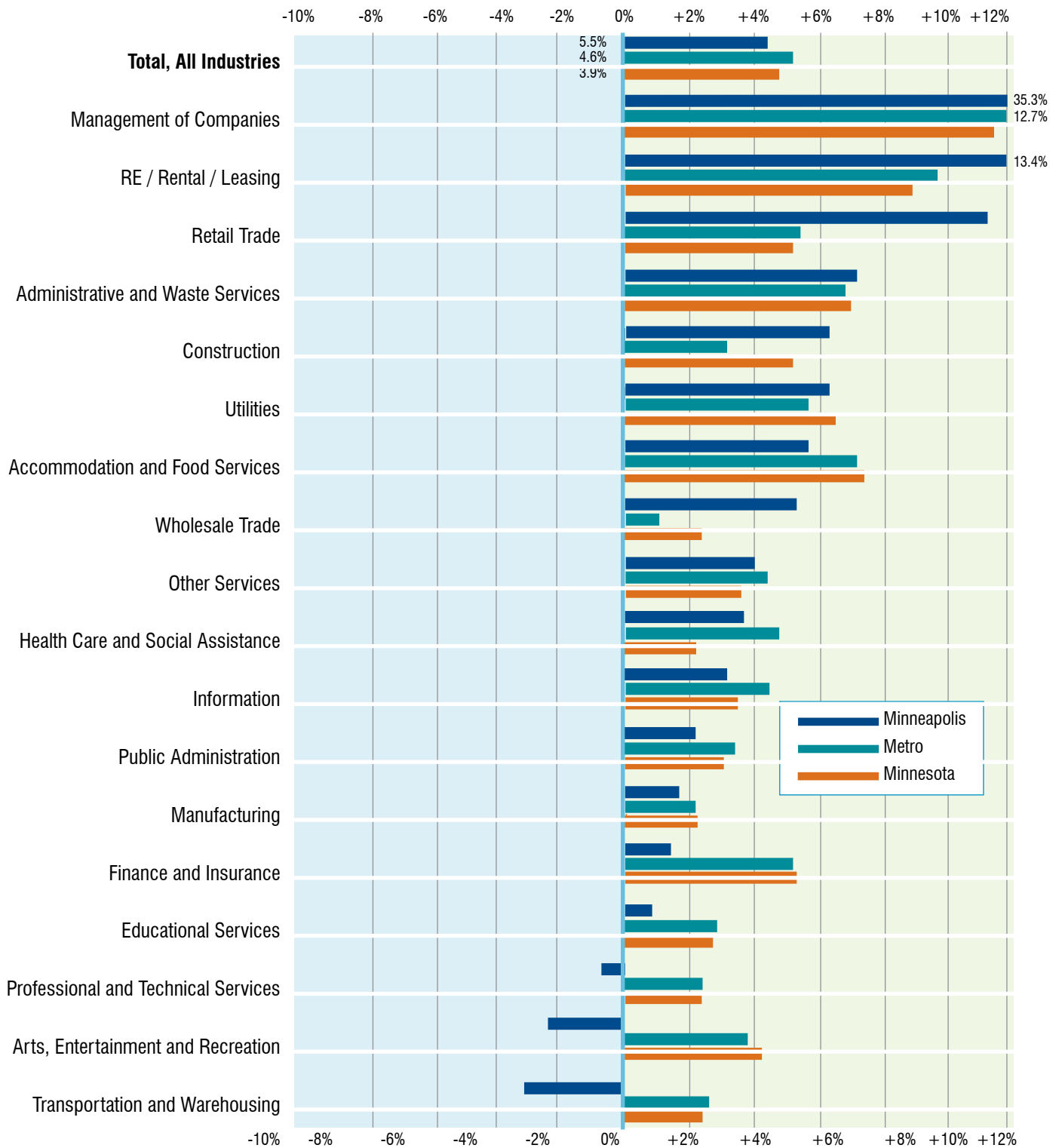
	2Q-14	3Q-14	4Q-14	1Q-15	2Q-15	\$ change 2Q-14 to 2Q-15	% change 2Q-14 to 2Q-15
Minneapolis	\$1,190	\$1,175	\$1,312	\$1,445	\$1,255	\$65	5.5%
Metro area	\$1,050	\$1,061	\$1,135	\$1,241	\$1,098	\$48	4.6%
Minnesota	\$940	\$957	\$1,014	\$1,078	\$977	\$37	3.9%

Source: Minnesota Department of Employment and Economic Development (DEED)

For conversion factors, see [page 12](#)

## Wages

Figure 5: **AVERAGE WEEKLY WAGES** –2Q-14 to 2Q-15  
percent change in inflation-adjusted dollars\*



Source: Minnesota Department of Employment and Economic Development (DEED)

\* For conversion factors, see [page 12](#)

Minneapolis industries are sorted from high to low.

For metro area definition, see [page 12](#)

## Wages

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All but three sectors tracked for this report saw average inflation-adjusted weekly wages increase in Minneapolis this quarter. **Management of Companies and Enterprises** saw the largest percentage increases over the previous year. In the metro and state geographies, the job sector experiencing the greatest wage growth was also **Management of Companies and Enterprises**.

- **Management of Companies and Enterprises** saw the largest increase in inflation adjusted wages over the past year in Minneapolis with **35.3 percent** growth, while wages for the industry increased at a rate of 12.7 percent in the metro and 11.7 percent at the state level.

**Labor Force, Employment and Unemployment:** Labor force, employment and unemployment by place of residence are based on monthly figures from the Minnesota Department of Employment and Economic Development. Labor force means the number of non-farm workers employed or looking for a job at a given time. For complete definitions go to: <http://www.bls.gov/opub/hom/pdf/homch1.pdf>

**Metro area:** The following counties make up the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

**Jobs and wages:** Average number of jobs by industry is based on data of all establishments covered under the Unemployment Insurance System, which includes about 97 percent of Minnesota employment. Some categories of employment are excluded, including sole proprietors, self-employed people, railroad workers, elected government officials and others working on a commission basis. Tables 2 and 3 show data to two digits by industry in the North American Industry Classification System (NAIC) for Minneapolis, the seven-county metropolitan area, and Minnesota. To see how the “digits” work, go to <http://www.census.gov/eos/www/naics/>

**Inflation-adjusted figures:** Values reported in table 3 are expressed in current dollars (not adjusted for inflation). For analysis purposes, however, text is based on these table values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics’ Consumer Price Index (CPI) for all urban consumer goods in the Minneapolis-Saint Paul, Minnesota-Wisconsin statistical metropolitan area and the Midwest urban areas. For the second quarter of 2015, dollars have been converted with an index reflecting the CPI for the first half of 2015 and previous quarters with 2015 as a base year for Minneapolis, metro area, and the state. To look at the indexes go to: <http://www.bls.gov/cpi/> then go to databases and to “All urban consumers (current series).”

## Development indicators

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- **571 new construction residential units** were permitted this quarter; an increase from the previous quarter and from the same quarter of the previous year.
- The city experienced an **81.5 percent** increase in permitted multifamily units this quarter when compared to the previous quarter, and a **133.2 percent** increase when compared to the same quarter of 2014.
- Twenty-four residential and commercial permits valued at least \$1 million were issued this quarter, totaling \$253.3 million. The largest single project included permits for a new apartment building at 935 2nd Street South.

## New construction

Minneapolis city permitting of single-family units decreased over the previous quarter and when compared to the same quarter in 2014. Permitting of multi-family units increased over the previous quarter and when compared to the same quarter in 2014. New residential unit permitting activity in the metro area decreased over the previous quarter and increased when compared to the same quarter last year.

Figure 6 shows the last five quarters of new residential unit permits issued in Minneapolis. These numbers do not include remodeling and conversion projects, which are discussed on page 25. Remodeling and conversion projects are reported separately from new building permits, and appear in Table 5 and Map 2.

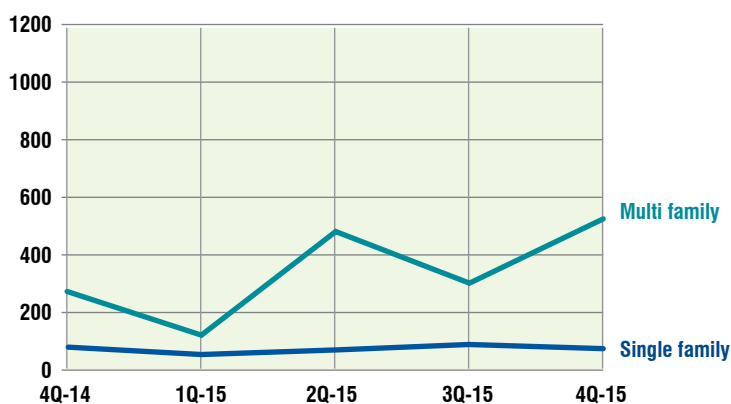
Table 4: **NEW RESIDENTIAL UNITS PERMITTED**

	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
<b>Single-family</b>					
City	43	24	29	39	30
Metro area	1,308	1,033	1,507	1,453	1,263
<b>Multifamily</b>					
City	232	95	433	298	541
Metro area	866	431	1,292	1,423	1,410
<b>Total Units</b>					
City	275	119	462	337	571
Metro area*	2,174	1,464	2,799	2,876	2,673

Source: U.S. Census Bureau, based on estimated number of permits with imputation

\* Estimated number of permits with imputation: The Census Bureau estimates that about 8 percent of the total number of units permitted are underreported by counties in the metro area. For metro area definition, see [page 12](#)

Figure 6: **NEW RESIDENTIAL UNITS PERMITTED – Minneapolis**



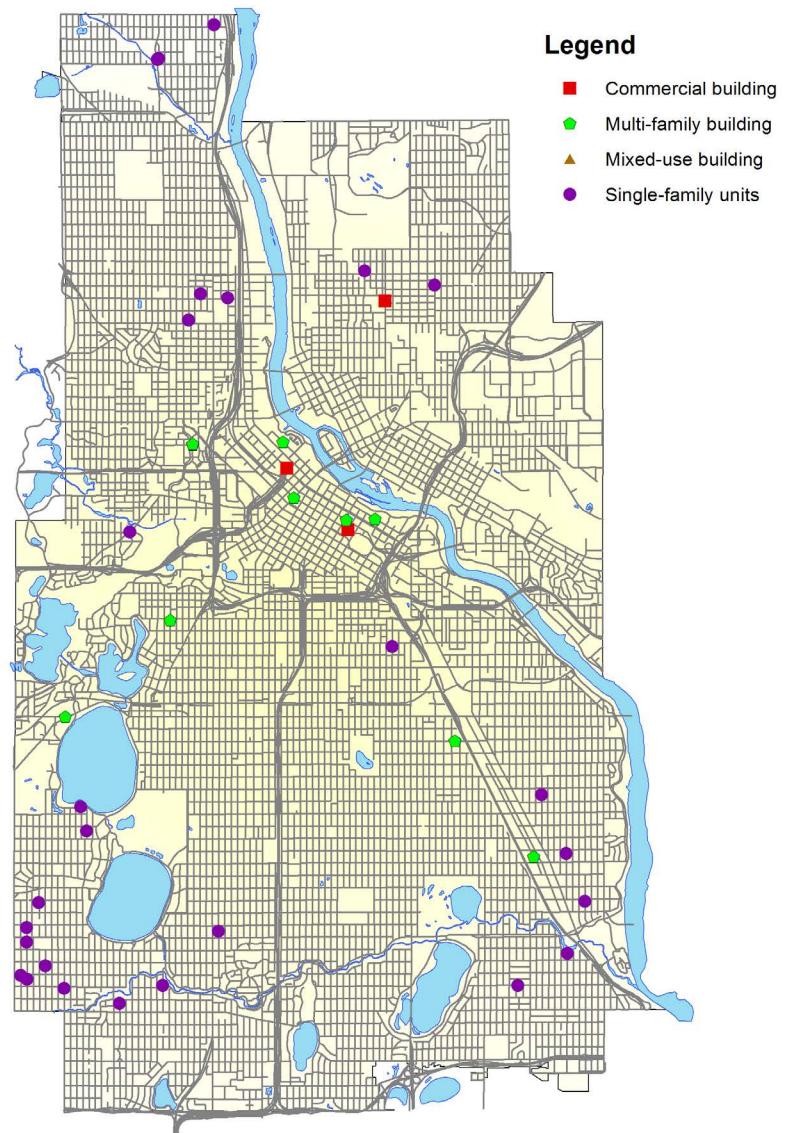
Source: U.S. Census Bureau, and Minneapolis CPED

## New construction

Thirty single-family dwellings were permitted, most of them in the southwest part of the city, west of Lake Harriet. Eight new multi-family building totaling 541 units were also permitted this quarter. On the commercial side, a new office building in the North Loop and a new hotel in Downtown East obtained permits.

Map 1: **NEW CONSTRUCTION PERMITS – 4Q-15**

Source: Minneapolis CPED



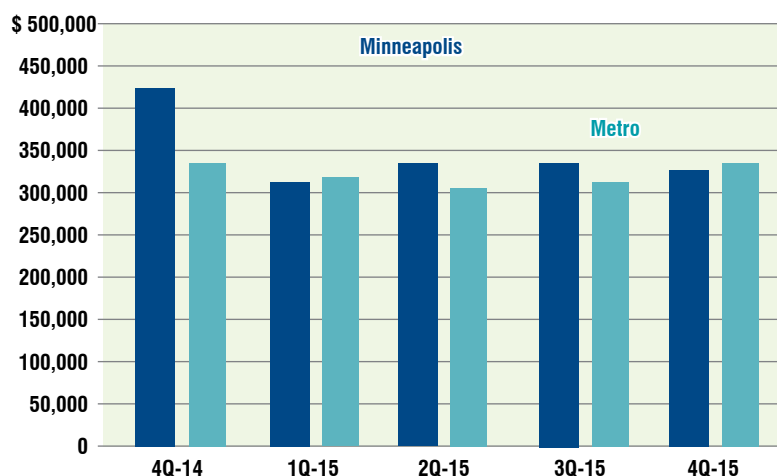
## Cost of residential construction

The thirty new single-family homes permitted this quarter had estimated construction costs ranging from \$220,000 to \$800,000 with a median of \$285,000.

The average single-family construction cost in the city decreased by 1.5 percent this quarter in comparison with last quarter, and decreased 7.7 percent compared with the same quarter last year. In the metro area permitted single-family construction cost increased by 6.1 percent over the previous quarter and held steady when compared with the same quarter last year.

This quarter the average construction cost of multifamily units decreased in Minneapolis and increased in the metro from the previous quarter. Construction costs as a whole also decreased in Minneapolis and increased in the metro when compared to the same quarter from the previous year.

Figure 7: **SINGLE-FAMILY CONSTRUCTION COST**  
per unit

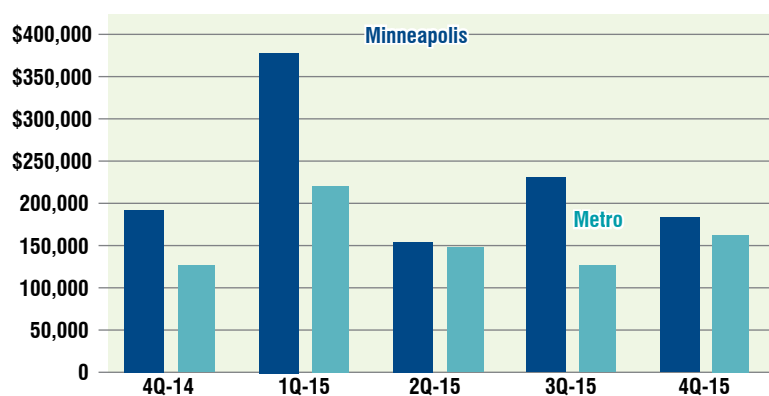


	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Minneapolis	\$ 364,257	\$ 423,117	\$ 304,458	\$ 341,429	\$ 336,295
Metro area	\$ 328,641	\$ 334,530	\$ 315,997	\$ 309,647	\$ 328,668

Source: U.S. Census Bureau

Table values are not adjusted for inflation  
For metro area definition, see [page 12](#)

Figure 8: **MULTIFAMILY CONSTRUCTION COST**  
per unit



	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Minneapolis	\$ 183,028	\$ 384,888	\$ 151,237	\$ 235,918	\$ 178,799
Metro area	\$ 138,461	\$ 220,558	\$ 149,944	\$ 133,897	\$ 157,721

Source: U.S. Census Bureau

Values in table are not adjusted for inflation  
For metro area definition, see [page 12](#)



## Permitted conversions, remodels & additions

The City saw a decrease in the number and an increase in the value of **residential** remodeling, conversion and addition projects with a value of \$50,000 or more this quarter when compared to the previous quarter

**Commercial** permit numbers and overall value were down when compared to the previous quarter while overall value was up and overall permits issued were down when compared to the same quarter from the previous year.

Table 5: **PERMITTED CONVERSIONS, REMODELS AND ADDITIONS**  
projects \$50,000 +

	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
<b>Remodels</b>					
Number of buildings	135	134	199	177	168
Total Value	\$ 27,951,480	\$ 39,889,008	\$ 55,055,400	\$ 27,281,733	\$ 52,565,393
<b>Conversions and additions<sup>2</sup></b>					
Number of buildings	10	9	24	11	12
Net number of units	11	-3	159	-12	73
Total value	\$ 2,258,282	\$ 207,286	\$ 26,007,819	\$ 392,160	\$ 20,835,000
<b>Total Residential<sup>1</sup></b>					
Number of buildings	145	143	223	188	180
Value	\$ 30,209,762	\$ 40,096,294	\$ 81,063,219	\$ 27,673,893	\$ 73,400,393
<b>Total non-residential<sup>1</sup></b>					
Number of buildings <sup>3</sup>	165	174	221	201	148
Value	\$ 59,300,341	\$ 108,378,632	\$ 258,917,219	\$ 151,974,883	\$ 62,662,540

Source: Minneapolis CPED

1 Residential and non-residential building listings may include structural work, build-outs (other than new building build-outs) and other improvements.

2 Residential conversions consist of a change in uses (e.g. from an office building to residential apartments) or subdividing or consolidating residential units.

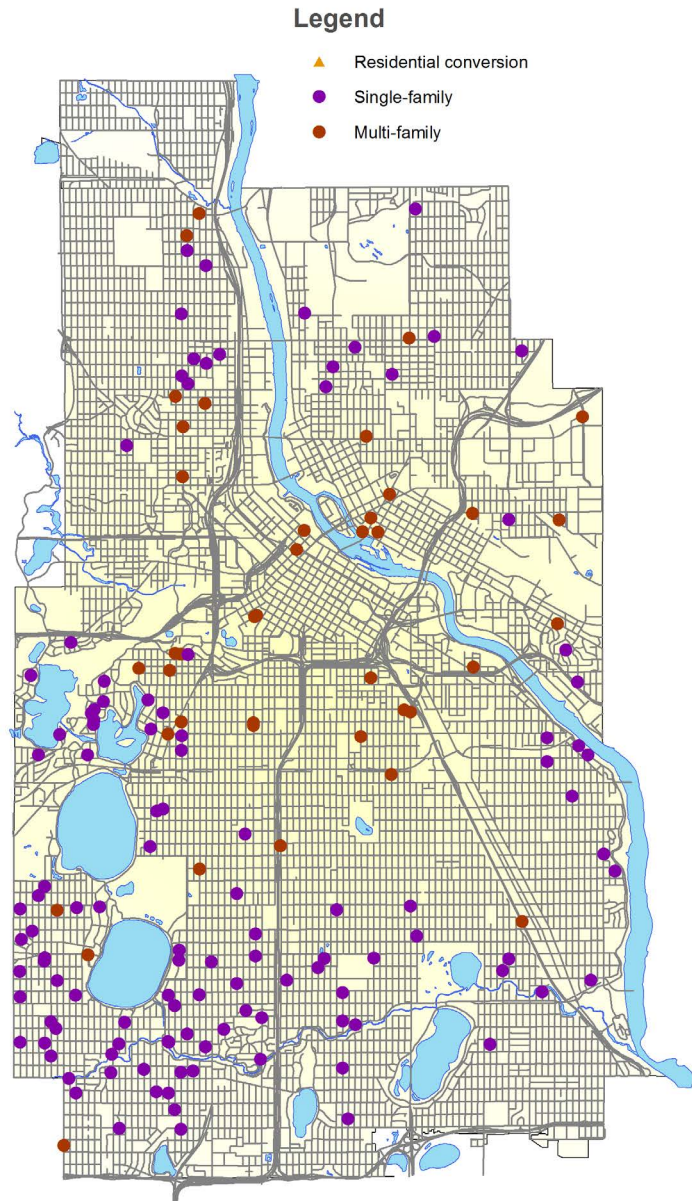
3 Types of non-residential buildings vary, including parking ramps, communication equipment, and public works, commercial or industrial buildings.

## Conversions, remodels & additions

Residential projects were a mix of renovations of single- and multi-family properties scattered throughout the City, with single-family concentrating in the Southwest sectors and multi-family projects concentrated in and near Downtown.

Map 2 **RESIDENTIAL CONVERSIONS, REMODELS & ADDITIONS – 4Q-15**  
projects \$50,000 +

Source: Minneapolis CPED

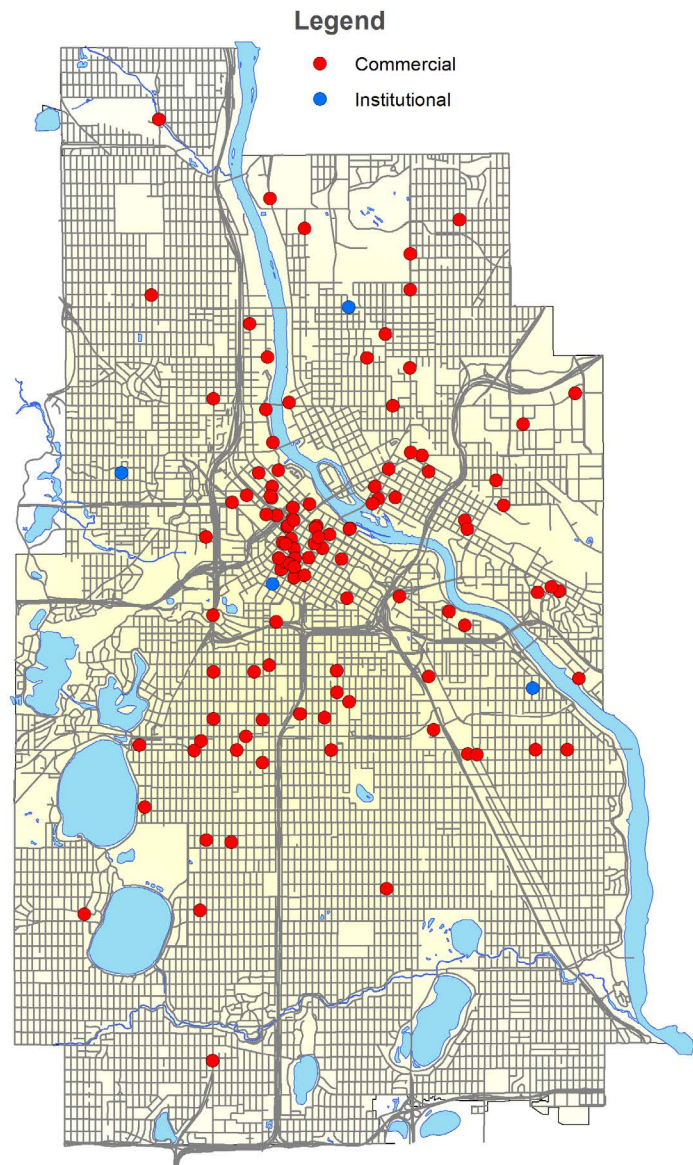


## Conversions, remodels & additions

Non-residential remodel permits in the fourth quarter were again concentrated in the downtown sector of the city, with a relatively even distribution of permits throughout the rest of the city.

Map 3: **NON-RESIDENTIAL REMODELING & RENOVATION – 4Q-15**  
projects \$50,000 +

Source: Minneapolis CPED



## Major construction projects

The following list shows major projects permitted in Minneapolis in the fourth quarter of 2015. The dollar amounts only

reflect projected construction cost (not land acquisition or soft costs) for permits issued.

Permit amounts do not indicate actual project costs and are an estimate used for the purposes of permit issuance only.

Table 6: **MAJOR PERMITTED MINNEAPOLIS CONSTRUCTION PROJECTS** projects \$1,000,000+

Description	Address	Neighborhood	Projected construction \$	CPED Involvement <sup>1</sup>
New 11 Story 123 unit Apartment Building	935 2nd St S	Downtown East	\$ 36,700,000	
New 7 Story Office Building	323 Washington Ave N	Northloop	\$ 27,923,040	
New 9 Story 245 room hotel	401 Hennepin Ave	Downtown West	\$ 26,607,605	
New 6 Story 164 unit Apartment Building	3118 Lake St W	Cedar-Isles-Dean	\$ 26,000,000	
New 164 Room Hotel	619 3rd St S	Downtown East	\$ 23,975,688	
Renovation and conversion to 80 apartments	123 7th St SE	Marcy-Holmes	\$ 20,500,000	
New 4 Story 135 unit Apartment Building	2340 32nd St E	Corcoran	\$ 16,171,036	
Walker Art Center Remodel	1750 Hennepin Ave	Lowry Hill	\$ 13,978,120	
New 4 Story 42 unit Apartment Building	2017 Girard Ave S	Lowry Hill East	\$ 9,747,909	
Pedestrian Bridge at US Bank Stadium	701 4th St S	Downtown East	\$ 9,650,000	
New 6 Story 71 unit Apartment Building	602 1st St N	North Loop	\$ 7,111,485	
Adaptive Reuse of 2 Story Building for Minneapolis Public Schools	800 West Broadway	Hawthorne	\$ 5,630,000	
New 2 Story Community Center	2529 13th Ave S	Midtown Phillips	\$ 4,500,000	
Remodel to Target Field	353 5th St N	Downtown West	\$ 4,151,411	
Office Building Renovation	100 Washington Ave S	Downtown West	\$ 3,695,411	
Office Tenant Remodel	861 Hennepin Ave E	Beltrami	\$ 3,605,577	
Office Tenant Remodel	100 Washington Ave S	Downtown West	\$ 3,220,699	
New 2 Story Office Addition	4701 Humboldt Ave N	Humboldt Indust Area	\$ 2,500,000	
Apartment Building Renovation	2413 Cedar Ave S	East Phillips	\$ 1,998,151	
Apartment Building Renovation	2413 Cedar Ave S	East Phillips	\$ 1,366,292	
YWCA Remodel	1130 Nicollet Mall	Downtown West	\$ 1,159,304	
Commercial Kitchen Remodel	2024 Lyndale Ave N	Hawthorne	\$ 1,105,000	
Office Building Renovation	105 5th Ave S	Downtown West	\$ 1,024,314	
New 6 unit Apartment Building	4150 Dight Ave	Hiawatha	\$ 1,000,000	

Source: Minneapolis CPED

\* Includes more than one permit at one address

<sup>1</sup> Community Planning and Economic Development (CPED) assists selected construction projects in the City with land assembly, property purchases, grants for land remediation, and financial assistance through bonds or small loans for businesses. All development projects regardless of financial involvement receive technical assistance from CPED on land use and regulatory matters.

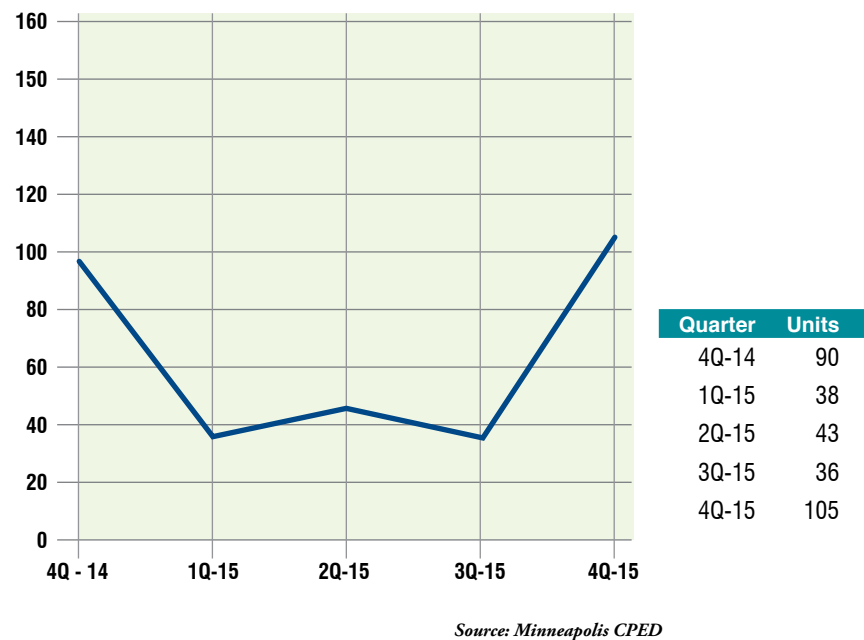


Demolitions

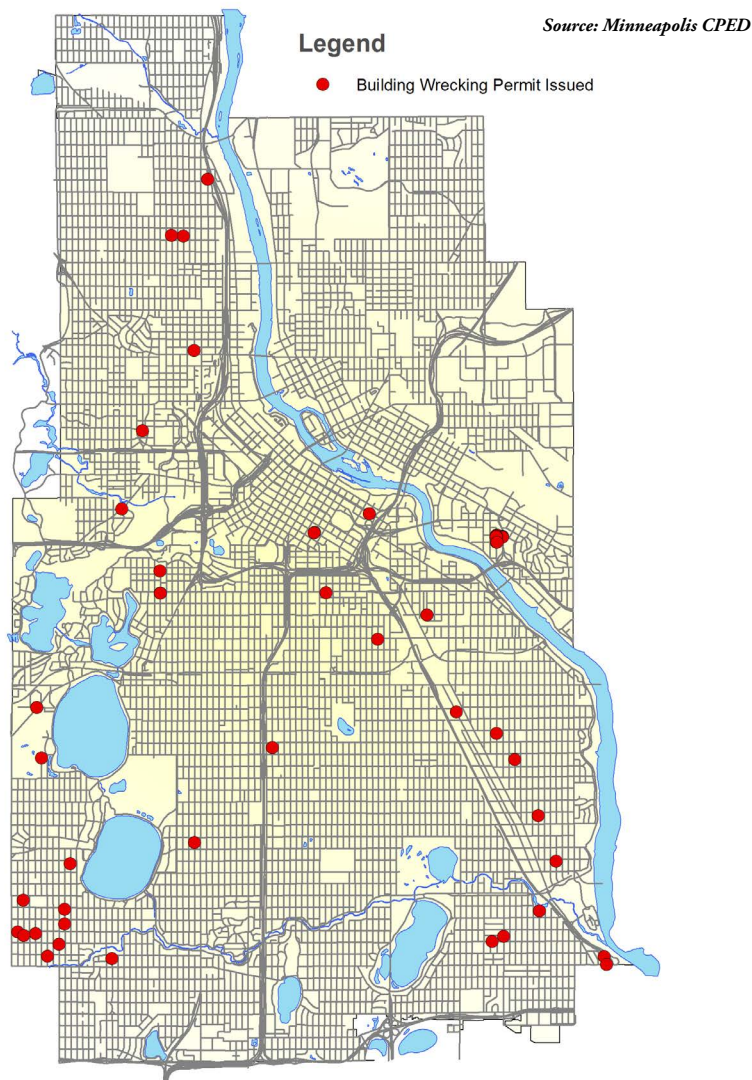
Residential demolitions increased this quarter when compared to the previous quarter and when compared to the same quarter from 2014.

Demolitions continue to be focused in areas of the city where sites are prepped for the construction of new single-family or multi-family projects.

Figure 9: RESIDENTIAL UNITS DEMOLISHED – Minneapolis



Map 4: DEMOLITIONS –4Q-15



**Building permits for new construction:** Permits represent construction projects (residential and non-residential) approved by the City. Typically there is a time lag between issuing a permit and actual construction.

Table four and figures six to eight are based on monthly figures for the city of Minneapolis and metropolitan area provided by the U.S. Census Bureau. For mapping purposes, data on new building construction, remodels, conversions and demolitions for the city are based on permit information by address from the City's Regulatory Services Department. Numbers from the U.S. Census Bureau and Minneapolis Regulatory Services may differ slightly for the same period because of a time-lag in reporting. Census Bureau numbers do not include additions, remodels or demolitions.

**Single-family** buildings have only one unit in the building.

**Multifamily** buildings have two or more units in the building, except when noted that triplexes and duplexes are counted separately (in that case, multifamily buildings have four or more units.)

**Cost of residential construction** is based on the cost developers report on permit requests for their projects.

**Construction cost per unit** refers to the total construction cost reported divided by the number of units permitted during the period considered.

**Non-residential** buildings include any kind of use except residential. Cost is based on the amount the developer reports to the City's Regulatory Services Department.

**Building permits for residential remodeling, additions and conversions:** Table five and maps two and three are based on data from the City of Minneapolis CPED Department. Information includes all City-approved projects for remodeling, additions and conversions with a value of \$50,000 or more.

**Building permits for demolitions:** These data were obtained from the City of Minneapolis CPED Department and include all partially or totally demolished buildings. The multifamily building category includes rentals and condominiums.

**Maps – Building uses:** Categories listing the uses of buildings are based on descriptions from their permits. The following categories are used:

### Map 1 – New buildings

**Single-family:** means detached dwellings.

**Other residential:** means buildings with two (duplex and double bungalow), three (triplex) or more residential units, including townhouses.

**Mixed-use residential:** means buildings with other uses in addition to residential, for example, residential and commercial; residential and retail and/or office.

**Non-residential use:** means all buildings that do not have a residential component. It also includes structures such as communications towers and skyways.

### Map 2 – Residential remodels with a construction cost of \$50,000 or more:

**Single-family** includes all detached single-family dwellings with permits for renovations, additions or improvements.

**Other residential** includes all residential buildings that are not detached single-family dwellings, including units in buildings with two or more units. It includes remodeling or build-outs of one or more individual units and remodeling of the entire building.

**Conversions** consist of the construction of new residential units in non-residential buildings such as factories, warehouses, hotels and others and remodeling of a building for residential uses. It does not include conversions of apartment units to condominiums. It includes changing two or more residential units into a single residence or the subdivision of a single unit into several.

### Map 3 – Non-residential remodels, additions and improvements with a cost of \$50,000 or more

**Commercial** includes offices, warehouses, factories, restaurants and retail buildings in general. It may be a build-out of an office space or several floors, or it may be the remodeling of an entire building. Several tenant remodels at one address are considered one project, i.e. renovation of 33 S. Sixth St. (the former Multifoods Tower) downtown.

**Institutional:** This category includes hospitals, clinics, churches, schools, nursing homes, correctional centers and any other institutional use.

**Transportation** related includes parking, skyways and bus and rail terminals.

### Map 4 – Demolitions

**Single family buildings:** All detached residential buildings with one unit in the structure.

**Multi-family buildings:** All residential buildings with 2 or more units in the structure.

**Non-residential:** All non-residential buildings and structures





## Residential and Commercial Real Estate Market

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- The average apartment vacancy rate in Minneapolis decreased to 2.5 percent in the fourth quarter of 2015. The vacancy rate is down from the 4.7 percent rate seen in the fourth quarter of 2014.
- The number of traditional housing sales increased by 5.9 percent over the same quarter last year, while lender-mediated sales decreased by 10.2 percent. Average prices on traditional housing sales decreased by 2.9 percent from the previous quarter, and increased 4.6 percent over the same quarter last year.
- Foreclosure sales increased by 23.8 percent from the previous quarter, and decreased by 16.7 percent when compared to the same time last year.
- The office vacancy rate in the Minneapolis central business district (CBD) ranged between 10.6 percent and 15.7 percent this quarter, depending on the firm reporting. Reported retail vacancies in the CBD ranged from 12.9 percent to 19.5 percent.

## Apartment vacancy rates & average rents

The vacancy rate for multifamily rental housing in Minneapolis decreased to 2.5 percent. The metro area vacancy rate held steady this quarter to 2.3 percent.

Table 7: **VACANCY RATE AND AVERAGE RENT**  
in current dollars

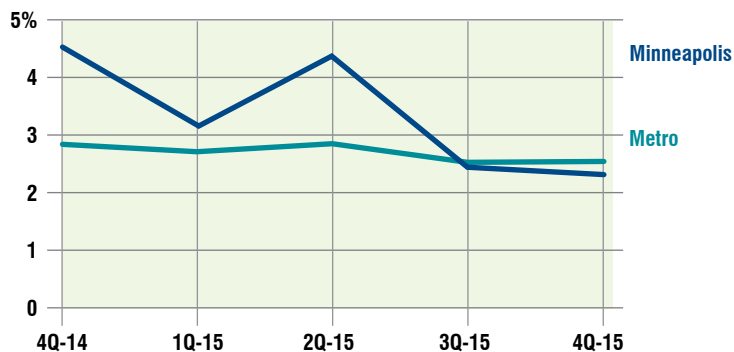
	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
<b>Minneapolis</b>					
Units surveyed	20,622	21,681	20,884	21,068	21,345
Vacant units	969	666	954	551	537
Average rent	\$ 1,160	\$ 1,133	\$ 1,228	\$ 1,238	\$ 1,226
Vacancy rate	4.7%	3.1%	4.6%	2.6%	2.5%
<b>Metro area</b>					
Units surveyed	124,172	126,381	120,668	127,793	129,029
Vacant units	3,629	3,359	3,440	2,905	2,947
Average rent	\$ 1,021	\$ 1,018	\$ 1,055	\$ 1,053	\$ 1,053
Vacancy rate	2.9%	2.7%	2.9%	2.3%	2.3%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, [page 41](#)

Figure 10: **RENTAL VACANCY RATES**  
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

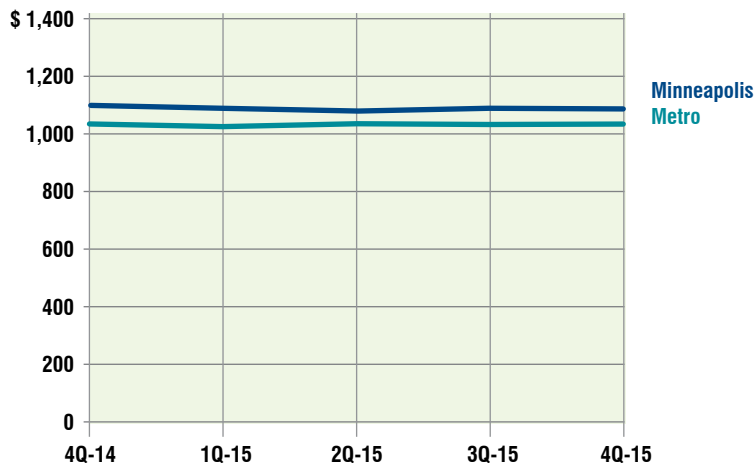
## Apartment vacancy rates & average rents

At \$1,226, Minneapolis average rent in inflation-adjusted dollars decreased when compared to the previous quarter but increased when compared to the same quarter of last year. In the metro area average rent was \$1,053, same as the previous quarter and an increase when compared to the same quarter of the previous year.

The vacancy rate fell in the Downtown, North, Southwest, and East sectors over the last quarter, while it rose in the South sector. Compared to the same quarter last year the vacancy rate fell in all sectors. The largest change from year to year occurred in Downtown, where the vacancy rate decreased from 9.8 percent in the fourth quarter of 2014, down to 4.2 percent in the fourth quarter of 2015.

\* For conversion factors, see [page 41](#).

Figure 11: **AVERAGE APARTMENT RENT**  
in current dollars



In inflation-adjusted dollars

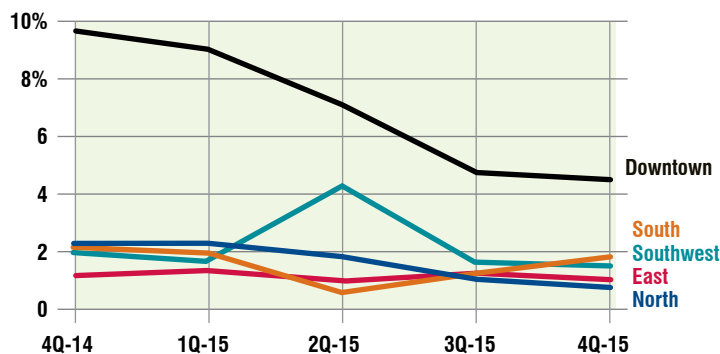
	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Minneapolis	\$1,171	\$1,141	\$1,237	\$1,238	\$1,226
Metro area	\$1,031	\$1,025	\$1,063	\$1,053	\$1,053

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

\* For conversion factors, see [page 41](#)

Figure 12: **VACANCY RATES BY MINNEAPOLIS GEOGRAPHIC SECTORS\***  
in percent



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

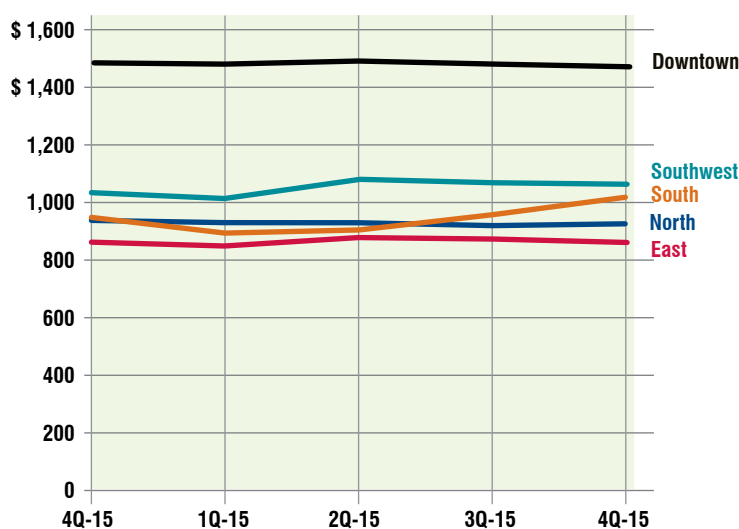
\* For sector definitions, see [page 41](#).

## Apartment vacancy rates & average rents

Average *inflation adjusted* rents decreased over the previous quarter in the Downtown, Southwest, and East sectors, while increasing in the North and South sectors. On a year to year basis, rents decreased in all sectors except South, where average rent increased 5.8 percent (\$55).

\* For conversion factors, see [page 42](#).

Figure 13: **AVERAGE MONTHLY RENT BY CITY GEOGRAPHIC SECTORS\***  
in inflation-adjusted dollars



	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Downtown	\$ 1,512	\$ 1,508	\$ 1,519	\$ 1,511	\$ 1,505
Southwest	\$ 1,056	\$ 1,011	\$ 1,160	\$ 1,150	\$ 1,045
North	\$ 960	\$ 957	\$ 958	\$ 949	\$ 955
South	\$ 961	\$ 932	\$ 954	\$ 963	\$ 1,016
East	\$ 896	\$ 894	\$ 917	\$ 912	\$ 895

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter.

\* For conversion factors, see [page 42](#).

\*\* For City sectors definition see [page 41](#).

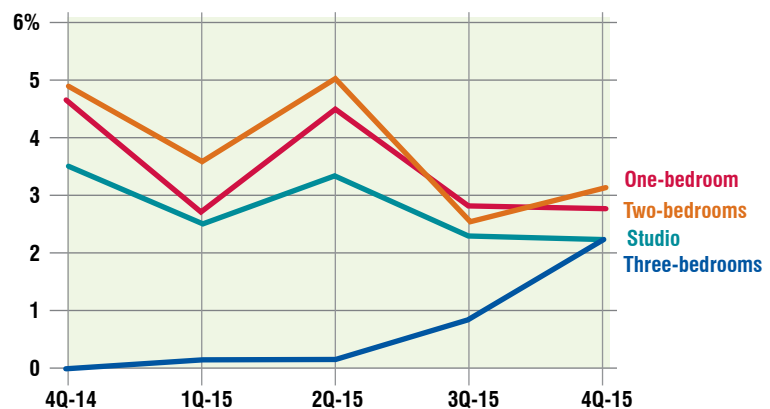
## Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates decreased for studio apartments, held steady for one-bedroom units, and increased for two- and three-bedroom units. In comparison with the same quarter from the previous year, vacancy rates decreased for all apartments types except three-bedroom units.

Average rents in *inflation-adjusted dollars* decreased for one- and two-bedroom units and increased for studio and three-bedroom units when compared to the previous quarter. Rents for all unit types increased when compared to the same quarter from the previous year.

\* For conversion factors, see [page 42](#).

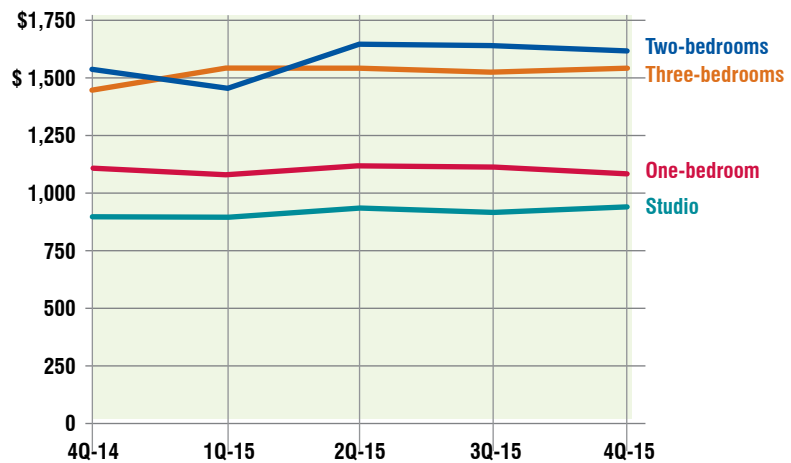
Figure 14: **RENTAL VACANCY RATE** – Minneapolis  
in percent by apartment type



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

Figure 15: **AVERAGE UNIT MONTHLY RENT** – Minneapolis  
in inflation-adjusted dollars by apartment type



Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

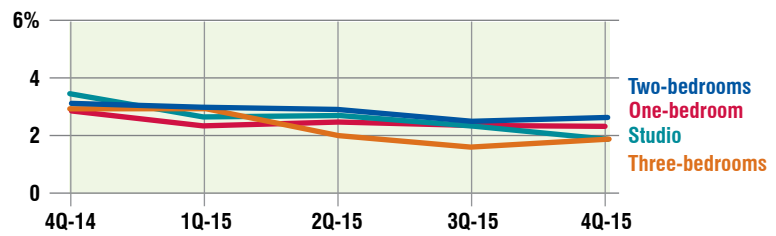
Recorded data for the last month of the quarter.

## Apartment vacancy rates & average rents

When compared to the previous quarter, vacancy rates in the metro area decreased for studio apartments, held steady for one-bedroom units, and increased for two- and three-bedroom units. In comparison with the same quarter from the previous year, vacancy rates decreased for all apartments types.

Average rents in *inflation-adjusted* dollars in the metro largely held steady for all unit types when compared to the previous quarter. When compared to the same quarter from the previous year all unit types saw rents increase.

Figure 16: **APARTMENT RENTAL VACANCIES** – Metro area  
in percent by apartment type



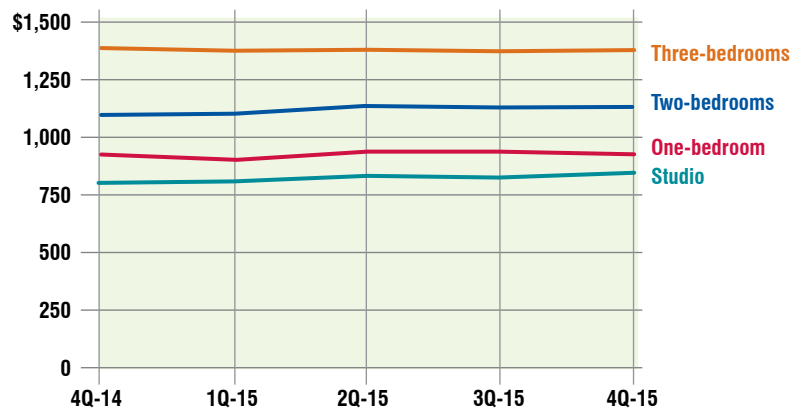
	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Studio	3.3%	2.5%	2.7%	2.1%	1.9%
One-bedroom	2.7%	2.4%	2.6%	2.3%	2.3%
Two-bedroom	2.8%	2.7%	2.7%	2.3%	2.5%
Three-bedroom	2.7%	2.7%	2.0%	1.8%	1.9%

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multifamily rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

Figure 17: **AVERAGE APARTMENT MONTHLY RENT** – Metro area  
in inflation-adjusted dollars by apartment type



	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Studio	\$ 797	\$ 804	\$ 821	\$ 818	\$ 822
One-bedroom	\$ 911	\$ 901	\$ 929	\$ 926	\$ 923
Two-bedroom	\$ 1,111	\$ 1,114	\$ 1,138	\$ 1,132	\$ 1,132
Three-bedroom	\$ 1,380	\$ 1,365	\$ 1,385	\$ 1,382	\$ 1,383

Source: GVA Marquette Advisors Reports, based on a sample survey of market-rate rental properties 10 units and more (subsidized and small multi family rentals are excluded.)

Recorded data for the last month of the quarter

For metro area definition, see [page 41](#)

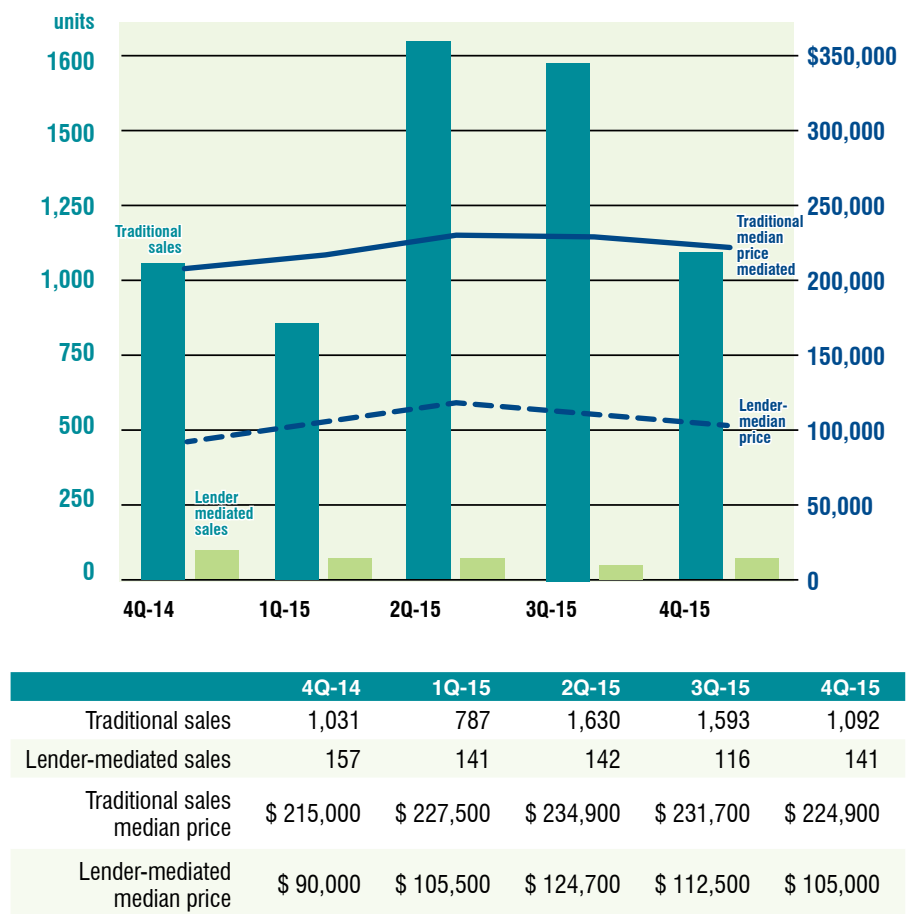
## Residential sales

Overall sale of housing units decreased from the previous quarter. This included a decrease in traditional sales (31.5 percent) and an increase in lender-mediated sales (21.6 percent). Median prices for the quarter decreased for both traditional and lender-mediated sales. The median price of traditional sales in Minneapolis (\$224,900) fell below the regional median sale price (\$226,600) this quarter.

Over a twelve-month period, the number of traditional housing sales increased by 5.9 percent, while lender-mediated sales decreased by 10.2 percent, continuing to reflect the declining number of distressed properties in the market.

Median sale prices increased for traditional sales (4.6 percent) and increased for lender-mediated sales (16.7 percent). This quarter lender-mediated sales including foreclosures were 11 percent of all housing sales in the city, while they accounted for 13 percent of sales in the same quarter of the previous year.

Figure 18: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE— Minneapolis**

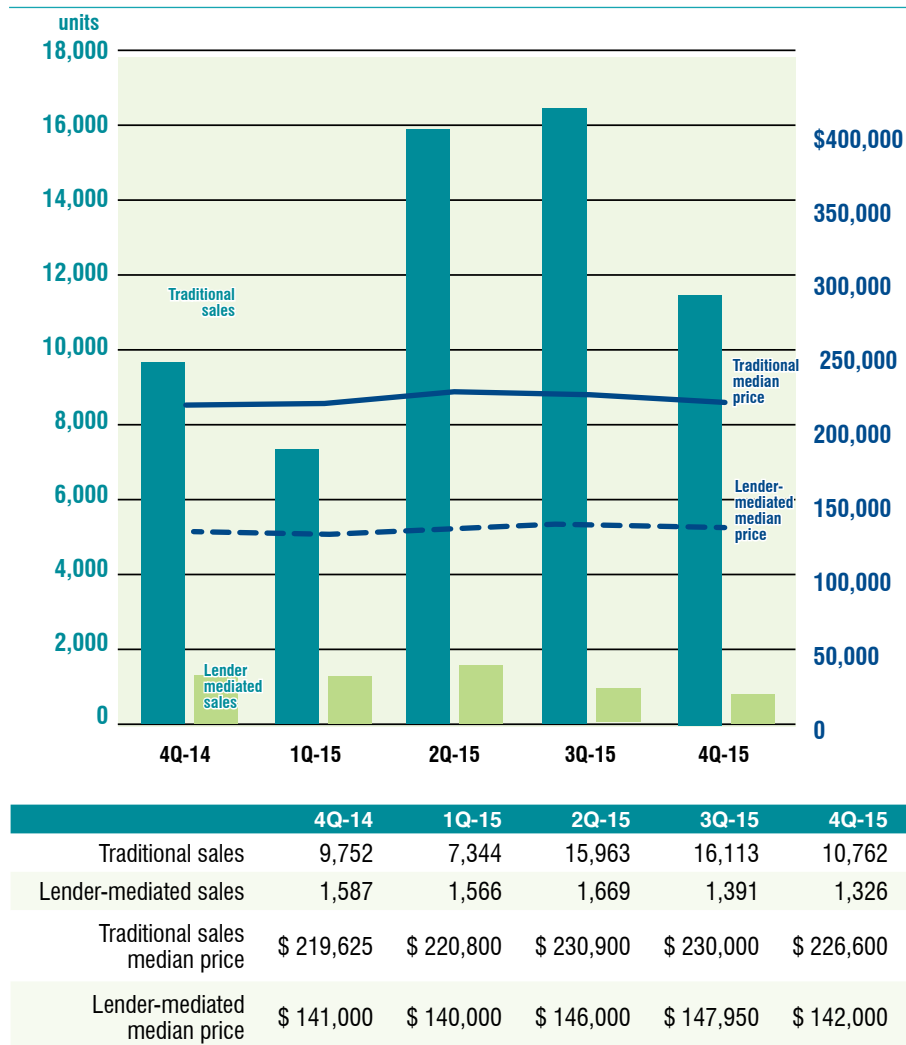


Source: Minneapolis Area Association of Realtors (MAAR)

## Residential sales

In the metro area traditional sales were down from the previous quarter by 33.2 percent, while lender-mediated sales decreased by 4.7 percent. Median sale prices for traditional sales decreased by 1.5 percent while lender-mediated median sale prices increased by 4.0 percent.

Figure 19: **TRADITIONAL AND LENDER-MEDIATED CLOSED SALES AND MEDIAN SALE PRICE – Metro area\***



Source: *Minneapolis Area Association of Realtors (MAAR)*

\* The metro area in this chart refers to the 13 counties covering Minnesota and Wisconsin served by the Minneapolis Area Association of Realtors.

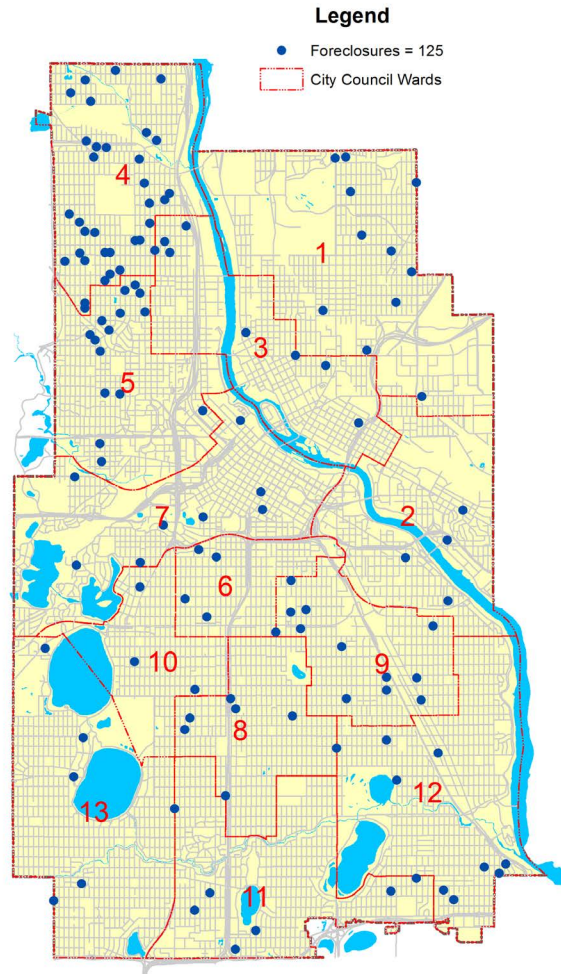
For metro area definition, see [page 41](#)



## Foreclosures

This quarter 125 properties were sold at public auction, 23.8 percent more than the previous quarter, and 16.7 percent fewer than the fourth quarter of 2014.

**MAP 5: PROPERTIES FORECLOSED – 4Q-15**  
by wards



Source: Hennepin County

Data on foreclosures downloaded as of April 2015. The table and map do not take into account foreclosures recorded after the data was compiled, nor any properties later redeemed by the owner in the 6 month redemption period.

**Table 8: FORECLOSURE PROPERTIES – Minneapolis**  
by ward

Ward	4Q-14		1Q-15		2Q-15		3Q-15		4Q-15	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
1	7	5%	16	10%	11	10%	12	7%	12	10%
2	4	3%	9	6%	5	5%	4	2%	4	3%
3	6	4%	8	5%	3	3%	3	2%	5	4%
4	45	30%	48	30%	28	26%	29	17%	36	29%
5	25	17%	21	13%	16	15%	12	7%	15	12%
6	2	1%	7	4%	3	3%	3	2%	1	1%
7	6	4%	8	5%	3	3%	4	2%	9	7%
8	10	7%	7	4%	13	12%	11	6%	6	5%
9	13	9%	6	4%	6	6%	5	3%	9	7%
10	5	3%	4	2%	2	2%	3	2%	4	3%
11	5	3%	5	3%	3	3%	10	6%	7	6%
12	20	13%	12	7%	12	11%	3	2%	12	10%
13	2	1%	10	6%	4	4%	2	1%	5	4%
<b>Total</b>	<b>150</b>	<b>100%</b>	<b>161</b>	<b>100%</b>	<b>109</b>	<b>100%</b>	<b>101</b>	<b>100%</b>	<b>125</b>	<b>100%</b>

Source: Hennepin County Sheriff's Office. The data is subject to revision by the Sheriff's Office; for complete and current foreclosure listings, please see the Hennepin County Sheriff's website at <http://www4.co.hennepin.mn.us/webforeclosure/>

Figure 20: **RESIDENTIAL FORECLOSURES** – Minneapolis  
in units



## Condemned & vacant buildings

The total number of condemned, boarded and vacant buildings in the city increased slightly from the last quarter to 553, which was 2.6 percent lower than at the end of the fourth quarter of 2014. The number of condemned buildings fell by 4.8 percent compared to the same quarter last year, while the number of vacant but not condemned buildings decreased by 0.7 percent. Condemned buildings have been decreasing more or less steadily since third quarter 2008. Many of the buildings have already been demolished due to an aggressive city policy to remove blighted buildings, while saving as many as possible for rehab.

Map 6: **CONDEMNED AND VACANT BUILDINGS**

Source: Minneapolis CPED

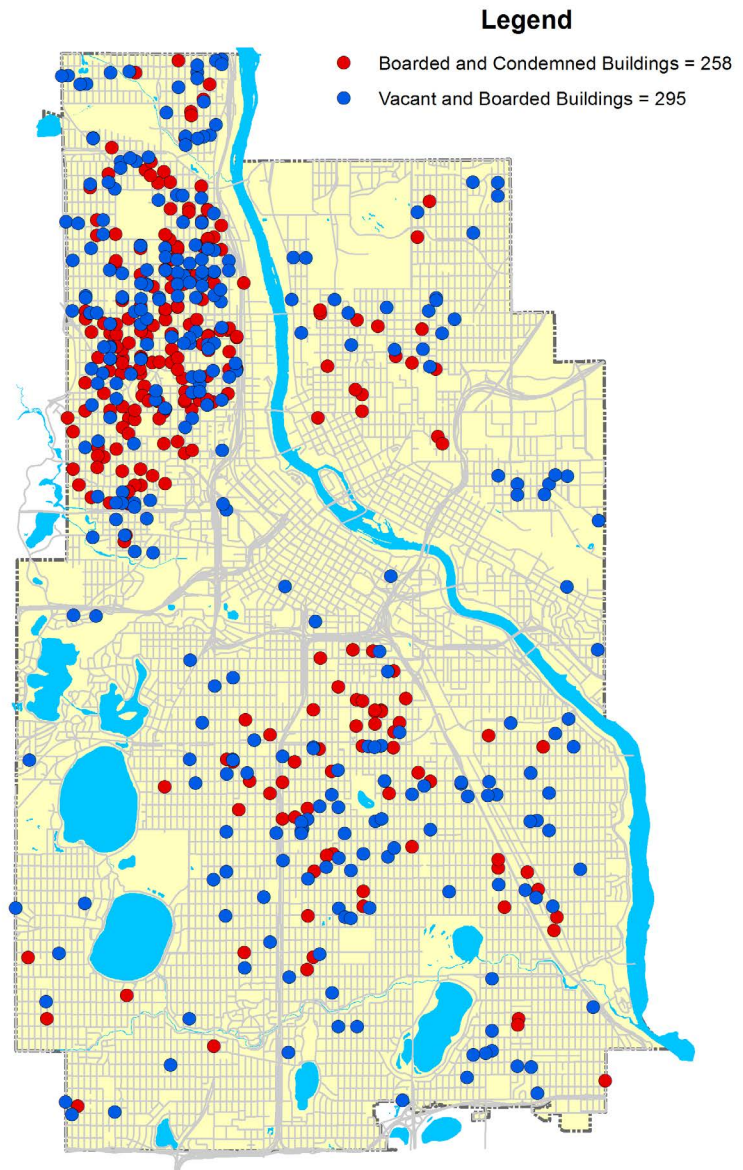


Table 10: **CONDEMNED AND VACANT BUILDINGS – Minneapolis**  
as of the end of the quarter

	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Boarded and condemned buildings	271	273	259	263	258
Vacant but not condemned	297	283	272	272	295
Total	568	556	531	535	553

Source: Minneapolis CPED

Note: About 98 percent of the buildings in the table are residential.

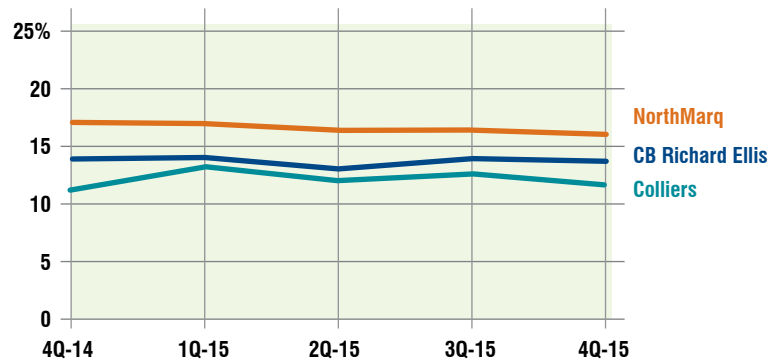
Only buildings that have been registered as vacant with the City of Minneapolis Inspections Division are included. Chapter 249 of City ordinances covers requirements for registering vacant buildings.

## Office space

The office vacancy rate was between 10.6 percent and 15.7 percent according to the three real estate firms cited. Pressure remains highest in the Class A market; there remain larger blocks of vacant space in Class B and C properties.

The reported average direct vacancy rate in the metro area ranged between 10.1 percent and 16.0 percent, according to the three real estate firms cited. Like the Minneapolis CBD, demand in the office real estate market in the Twin Cities was higher for Class A properties.

Figure 21: **OFFICE SPACE VACANCY RATE – Minneapolis CBD**  
in percent

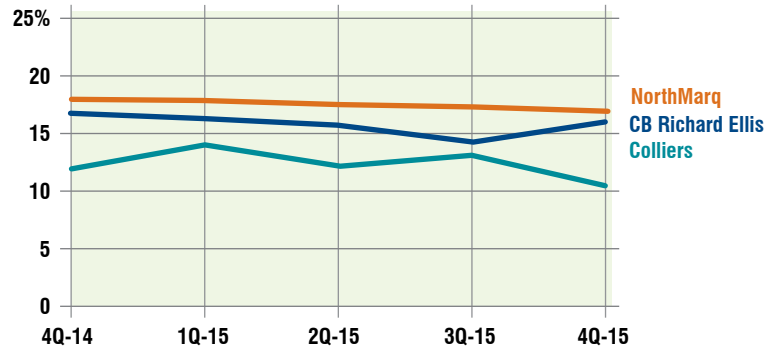


	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15
CB Richard Ellis	14.4%	14.6%	13.3%	13.8%	13.6%
Colliers	10.5%	14.0%	12.9%	13.2%	10.6%
NorthMarq	15.9%	15.9%	15.6%	15.6%	15.7%

Sources: CB Richard Ellis, Colliers and NorthMarq

See explanation of sources on [page 42](#)

Figure 22: **OFFICE SPACE VACANCY RATE – Metro area**  
in percent



	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15
CB Richard Ellis	16.1%	16.0%	15.3%	14.8%	15.5%
Colliers	12.2%	14.6%	12.5%	14.1%	10.1%
NorthMarq	16.6%	16.6%	16.4%	16.4%	16.0%

Sources: CB Richard Ellis, Colliers and NorthMarq

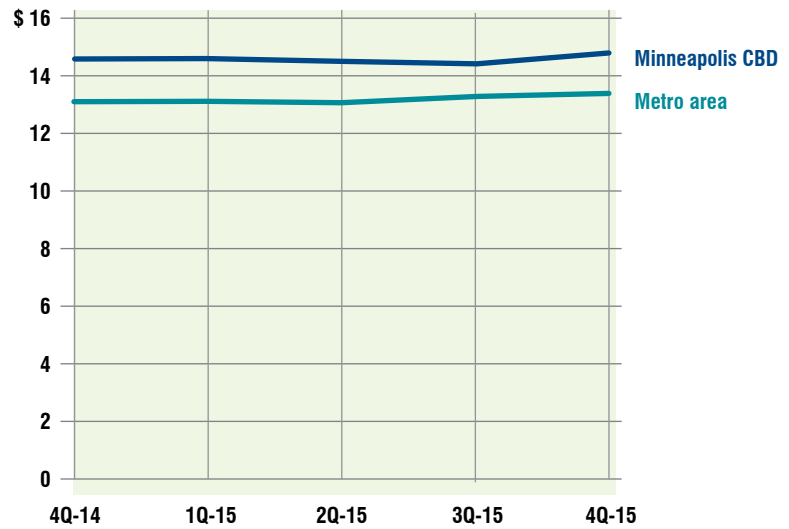
See explanation of sources on [page 42](#)

## Office space

When compared to the previous quarter the average asking lease rate per square foot increased in both the Minneapolis central business district (CBD) and the metro area. When compared to the previous year rents in the Minneapolis CBD are up 3.2 percent.

Compared to the previous quarter the rate of growth in occupied office space increased in Downtown Minneapolis and fell in the metro area. The CBD saw an increase in occupied space of 54,000 square feet when compared to the previous quarter, and an additional 1,191,000 square feet of office space was occupied in the Minneapolis CBD when compared to the previous year.

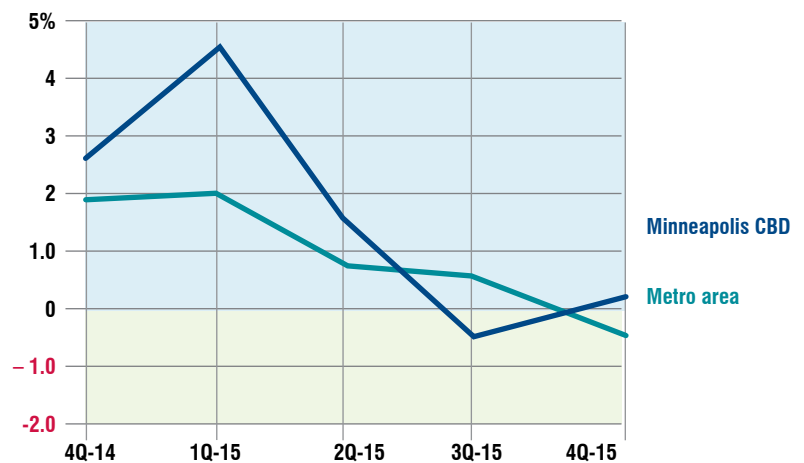
Figure 23: **OFFICE AVERAGE ASKING LEASE PRICE**  
in current dollars per square foot per year



Source: CB Richard Ellis

Class A, B and C multi-tenant office buildings 30,000 square feet and larger

Figure 24: **OCCUPIED OFFICE SPACE – rate of growth**  
in percent



Source: CB Richard Ellis

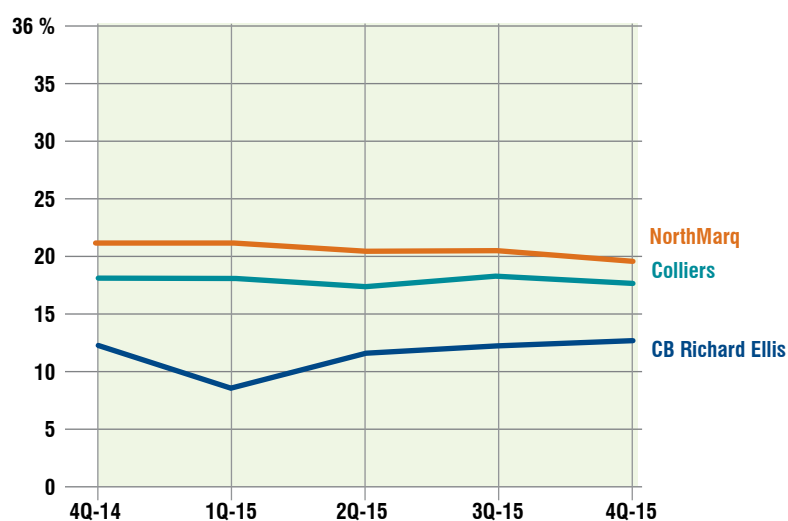
Class A, B and C multi-tenant office buildings 30,000 square feet and larger

## Retail space

The reported retail vacancy rate in the Minneapolis CBD ranged between 12.9 and 19.5 percent. Note that large variations in the vacancy rate result from the relatively small amount of square feet of retail in the CBD, as well as differences in how the measurements are done by each reporting firm.

The metro area vacancy rate this quarter ranged from 3.9 percent to 7.1 percent.

Figure 25: **RETAIL VACANCY RATE – Minneapolis CBD**  
in percent

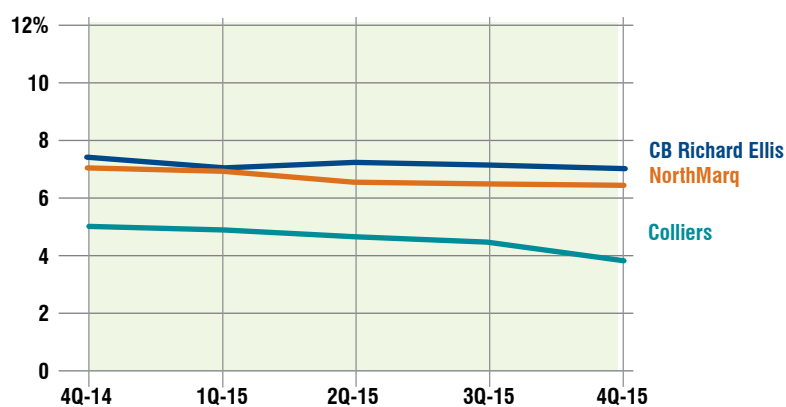


	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15
CB Richard Ellis	11.7%	8.2%	11.8%	12.5%	12.9%
Colliers	NA	19.1%	16.2%	17.4%	16.0%
NorthMarq	21.1%	21.1%	20.1%	20.1%	19.5%

Sources CB Richard Ellis and NorthMarq

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 26: **RETAIL VACANCY RATE – Metro area**  
in percent



	4Q 14	1Q 15	2Q 15	3Q 15	4Q 15
CB Richard Ellis	7.5%	7.1%	7.3%	7.2%	7.1%
Colliers	4.9%	4.8%	4.4%	4.3%	3.9%
Northmarq	7.1%	7.1%	6.6%	6.6%	6.6%

Sources: CB Richard Ellis, Colliers and NorthMarq

CB Richard Ellis and Colliers include all multi-tenant retail buildings 30,000 square feet and larger, and buildings under construction.

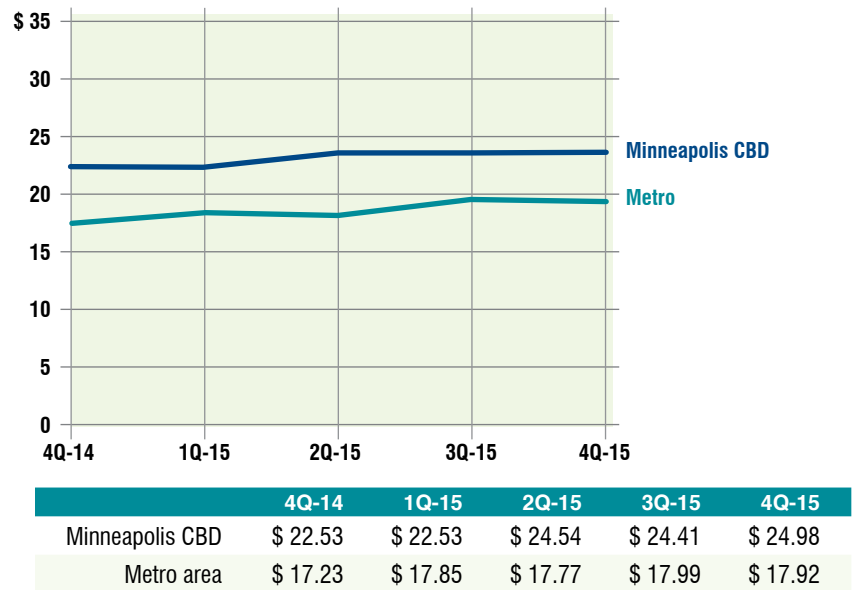
## Retail space

Average asking lease price per square foot in the Minneapolis central business district (CBD) increased when compared to the previous quarter's numbers and when compared to the fourth quarter of 2014.

In the metro area, average asking lease price decreased over the previous quarter and increased when compared to the fourth quarter of 2014.

The Minneapolis central business district (CBD) saw a decline in the negative growth rate of occupied retail space and the metro area experienced a decrease when compared to the previous quarter. The CBD gained 5,600 square feet of occupied retail space over the previous quarter, and 7,000 square feet of occupied space when compared to the same quarter in 2014.

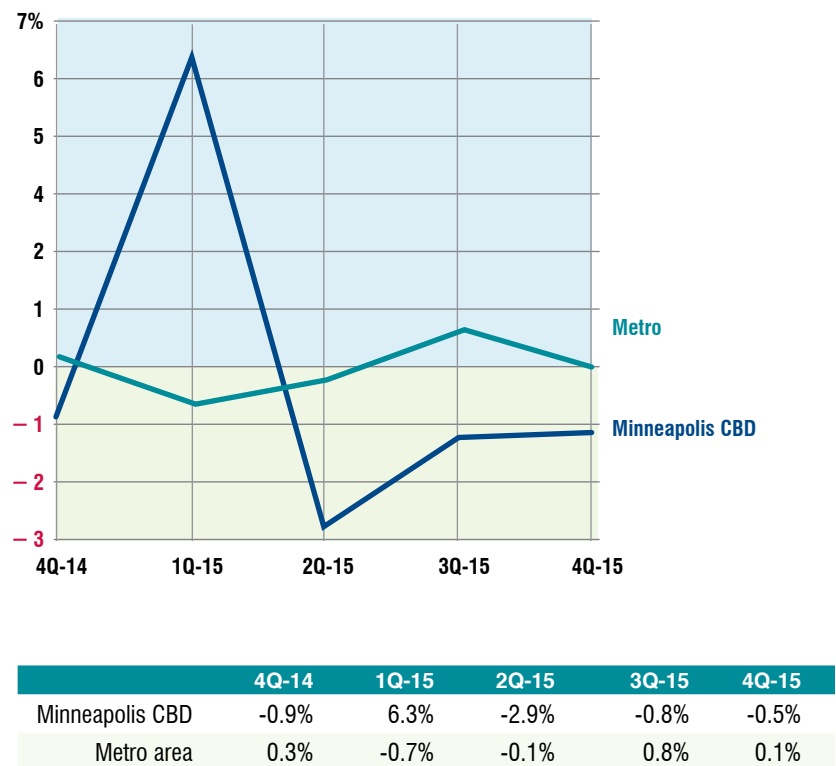
Figure 27: **RETAIL AVERAGE ASKING LEASE PRICE**  
in current dollars per square foot per year



Source: CB Richard Ellis

Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

Figure 28: **OCCUPIED RETAIL SPACE – rate of growth**  
in percent



Source: CB Richard Ellis

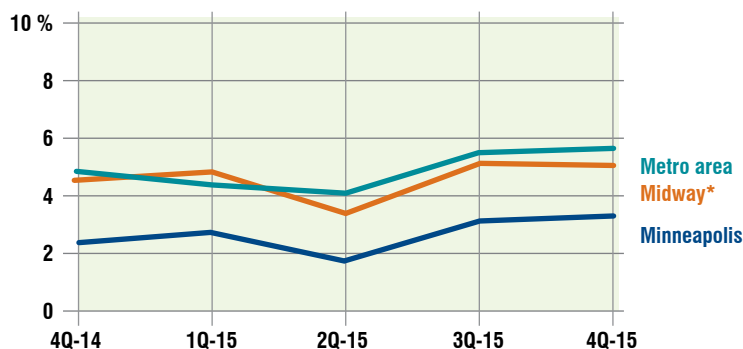
Includes all multi-tenant retail buildings 30,000 square feet and larger, including buildings under construction.

## Industrial space

The industrial space total vacancy rate largely held steady over the previous quarter in all geographies.

The average asking lease price for industrial space increased in all geographic areas when compared to the previous quarter. Asking lease rates were also up across the board when compared to the same quarter from the previous year.

Figure 29: **INDUSTRIAL VACANCY RATE**  
in percent

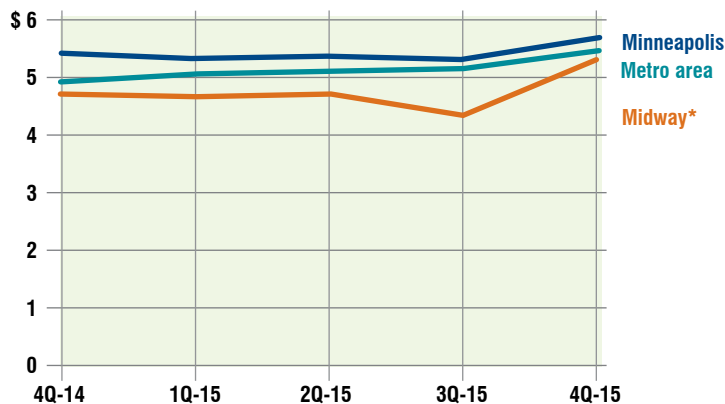


Source: CB Richard Ellis

Includes industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

\*Midway industrial area includes parts of Northeast Minneapolis and Saint Paul.

Figure 30: **INDUSTRIAL AVERAGE ASKING LEASE RATE**  
in dollars per square foot per year



Source: CB Richard Ellis

Note: For Midway and Minneapolis, the industrial average asking lease rate is only for warehousing. Includes industrial buildings 100,000 square feet and larger, including buildings under construction.

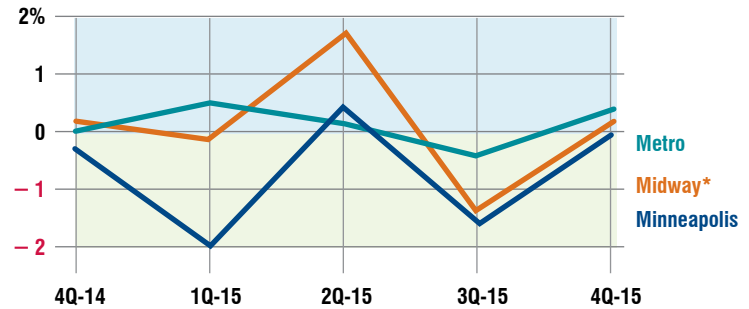
\*Midway includes industrial areas of northeast Minneapolis and Saint Paul.



## Industrial space

Industrial absorption rates decreased in all geographies when compared to the previous quarter and when compared to the same quarter from the previous year.

Figure 31: **OCCUPIED INDUSTRIAL SPACE** – rate of growth in percent



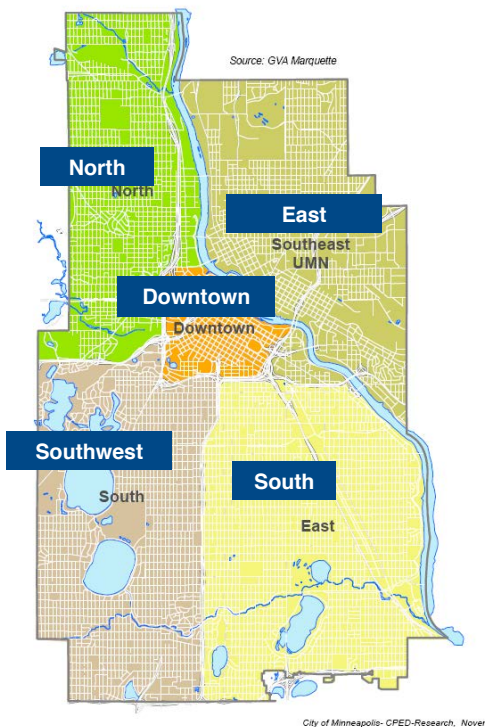
	4Q-14	1Q-15	2Q-15	3Q-15	4Q-15
Minneapolis	-0.4%	-2.0%	0.7%	-1.7%	-0.1%
Midway*	0.1%	-0.1%	1.7%	-1.4%	0.1%
Metro area	0.0%	0.7%	0.2%	-0.4%	0.3%

Source: CB Richard Ellis

Includes all competitive industrial buildings 100,000 square feet and larger, including buildings under construction. Market consists of bulk warehouses, office warehouses, office showrooms, and manufacturing and specialty buildings.

\*Midway includes industrial areas of northeast Minneapolis and Saint Paul.

## Definitions & sources



- **Housing Vacancy Rate:** The vacancy rate is the percentage of unoccupied housing units among the total number of housing units. Vacancy rates for the multifamily rental market are calculated quarterly by GVA Marquette Advisors based on a quarterly survey of properties in the Twin Cities metropolitan area.
- **City areas:** : For data analysis purposes, GVA Marquette Advisors divides the city into five sub-areas, according to the map below.  
Note that we changed the Minneapolis sector names to reflect changes that GVA Marquette made at the City's request. South is now South-west; East is South, and NE, SE and UMN is East. North remains North.
- **Median sale values:** These values are based on home prices researched by the Minneapolis Area Association of Realtors (MAAR).
- **Closed home sales:** These values are based on home sales reported by the Minneapolis Area Association of Realtors (MAAR). Closed sales mean that there is an agreement to sell and steps have been taken toward that end. MAAR makes a difference between **traditional sales** and **lender-mediated sales**. The first type includes all sales that are neither foreclosures nor short sales. These two define the lender-mediated sales.
- **Metro area definition:** The Minneapolis Area Association of Realtors service area includes 12 counties in Minnesota (Chisago, Anoka, Sherburne, Wright, Hennepin, Ramsey, Washington, Dakota, Scott, Carver, Rice and Goodhue) and one county in Wisconsin (St. Croix).
- **Foreclosure sales:** These sales occur when property owners are deprived of the right to keep their properties because of failure to make payments on a mortgage or other contractual property fees, such as condominium association fees, when due. Data on foreclosure sales are reported by the Hennepin County Sheriff to Hennepin County Taxpayer Services Department and later sent to City of Minneapolis CPED Research Division. Hennepin County's methodology is to count all foreclosure Sheriff's sales categories (mortgage, assessments, associations, executions and judgments). Data include only foreclosed properties in the City of Minneapolis that were sold at public option in the specified time period.
- **Boarded and vacant buildings:** A vacant property is a property identified as such by City of Minneapolis inspectors; City Ordinance 249 requires the property's owner to register it as vacant. In addition to being vacant, the property could be condemned as uninhabitable either for being boarded more than 60 days or because of lack of maintenance. Data on boarded and vacant buildings are obtained from the City Department of Regulatory Services.

**Real estate statistics** as reported by CB Richard Ellis include office, retail and industrial space vacancy rates, average asking lease price per square foot and absorption of square feet for the Twin Cities metropolitan area, Minneapolis and Midway (industrial space) or Minneapolis central business district (office and retail space). The metro area includes several submarkets and may not coincide with definitions based on jurisdictional boundaries. This quarter Minneapolis Trends also shows office and retail vacancy rates reported by Colliers, and Cushman & Wakefield-NorthMarq ()

- **Average asking lease rate:** This is determined by multiplying the asking net lease rate for each building by its available space, adding the products, then dividing by the sum of all available space.
- **Average vacancy rate:** This is determined by dividing the number of vacant square feet by the net rentable area.
- **Rate of growth and absorption:** This is the change in occupied square feet from one quarter to the next, determined by subtracting vacant space (not including sublets and shadow space) from the rentable space available.

Variations in reporting are due to differences in definitions and in the number, frequency, and geographical location of buildings included in the surveys.

Variations in retail vacancy rates are more evident than in the case of office vacancy but also — and particularly in the case of the Minneapolis CBD — the relatively small amount of retail space compared to the overall metro inventory.

**Inflation-adjusted figures:** For the purpose of analyzing residential rent, text is based on values converted to constant (*inflation-adjusted*) dollars based on the U.S. Bureau of Labor Statistics' Consumer Price Index (CPI) for housing in the Midwest urban areas category size “class A” (more than 1.5 million people).



## Minneapolis Community Planning & Economic Development

### Long Range Planning

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